



### *Prime Number Weekly Market View:*

In global financial markets the decline in US treasury bond prices and rise in yields stands out this week.

The return on global government bonds is on track for its worst year since 1949, the year after the Marshall Plan was enacted, according to data compiled by Bank of America. 10-year US government bond yields touched 2.5% last week. Previous bond bear markets in the last 150 years were from 1899 to 1920 and 1946 to 1981. The 10-year German bund has gone from -0.12% to 0.58% this year. Globally, negative yielding bonds have gone from \$18tr to \$2tr. The big picture has shifted from deflation to inflation, globalization to self-sufficiency, and monetary to fiscal excess. With the end of QE in the US and the Fed shifting to shrinking its balance sheet, the US bond market is losing a large, price insensitive bond buyer. What does it all mean? Inflation trends and recession pressures will play a role, but simply speaking supply and demand matters. And due to QE, current yields may be artificially low. Bank of America thinks it means the 10-year treasury is heading to 4% by 2024, reversing a 40-year downtrend in long-term interest rates.

Asian equities saw choppy trading this week as geopolitics and higher commodity prices continued to present risks and growth/internet stocks saw some pressure following last week's monster gains. Asian equities ended the week mixed as China and Hong Kong's decline on light volumes negated gains earlier in the week. One China-specific headwind was a covid outbreak and subsequent lockdown in Shanghai. President Xi is calling for a peaceful resolution to the Ukraine/Russia conflict. There are other factors at play, including the Fed's hawkish tone and the ongoing crisis in Ukraine.

Investors are also getting nervous about seeing tangible follow-ups to Vice Premier Liu He's speech last week, which included a commitment to resolve the HFCAA, curtail internet regulation, and provide support for the economy. Yesterday's statement from the PCAOB that a solution to the HFCAA was still "premature" was a factor in the weakness in Hong Kong-listed China internet stocks. We also had the SEC add Weibo to the HFCAA non-compliant list though one should expect all US-listed Chinese ADRs to end up on the list once they file their 2021 annual reports with the SEC. This is the first time the PCAOB has directly acknowledged its engagement with the CSRC, China's securities regulator. Profit-taking was likely also a factor considering the significant move in growth/internet stocks over the last week and a half. This pullback should bring more buyers in from the sidelines, especially if we see some tangible results from the Vice Premier's comment. Alibaba (BABA US, 9988 HK) announced Tuesday it would increase its buyback program from \$15B to \$25B after having already bought back 56.2 million shares, for a total of \$9.2B. Tencent reported lackluster Q4 earnings on Wednesday. Management described 2021 as a "challenging year," but expressed optimism for the future sustainable growth of its business and the internet sector following the implementation of new, forward-looking regulations.

– Michael Longthorne, Co-CEO of Prime Number Capital

### *Prime Number Weekly Recap:*

- China's Sinopec pauses Russia projects, Beijing wary of sanctions ([Reuters](#))
- US Government launch probe of Credit Suisse compliance with Russia sanctions ([WSJ](#))
- Shanghai starts China's biggest COVID-19 lockdown in 2 years ([AP](#))
- Boeing faces growing issues in China ([CNN](#))
- Bankers are preparing for an eventual initial public offering market thaw by focusing on companies with profits and stability ([WSJ](#))
- Blackstone-Backed Buyout Firm PAG Files for \$2 Billion IPO ([Yahoo Finance](#))



### Prime Number Weekly Market Comment:

本周美国国债价格下跌虽然收益率上升。

根据美国银行汇编的数据，全球政府债券回报率有望创下自 1949 年以来最糟糕的一年，即马歇尔计划之后的一年。上周美国 10 年期国债收益率上涨到 2.5%。过去 150 年的两次债券熊市是从 1899 年到 1920 年，和 1946 年到 1981 年。德国 10 年期债券今年从 -0.12% 涨至 0.58%。在全球范围内，负收益债券已从 18 万亿美元降至 2 万亿美元。大局已从通缩转向通胀，从全球化转向自给自足，从货币过剩转向财政过剩。随着美国量化宽松政策结束和美联储转向缩减资产负债表，美国债券市场正在失去一大批对价格不敏感的债券买家。这是什么意思？通胀趋势和衰退压力将发挥作用，但简单地说，供需很重要。由于量化宽松，当前收益率可能会人为降低。美国银行认为，到 2024 年 10 年期国债利率将达到 4%，扭转长期利率 40 年来的下降趋势。

由于地缘政治和商品价格上涨继续构成风险，本周亚洲股市震荡，增长股/互联网股票在上周大幅上涨后也受到一定压力。亚洲股市本周收盘涨跌互现，因为中国大陆和香港股市因交投清淡而下滑，抹去了本周早些时候的涨幅。中国面临的不利因素是 Covid-19 的爆发和随后在上海的封锁。习主席呼吁和平解决乌克兰/俄罗斯冲突。股市不定还有其他因素在起作用，包括美联储的鹰派基调和乌克兰持续的危机。

投资者也很紧张的在看刘鹤副总理上周讲话后的切实行动，其中包括承诺解决 HFCAA、减少互联网监管和对经济提供支持。PCAOB 昨天表示，HFCAA 的决议仍然“为时过早”，这是香港上市的中国互联网股票疲软的一个因素。我们还看到 SEC 将微博添加到 HFCAA 违规名单中，尽管人们应该预计所有在美国上市的中国 ADR 在向 SEC 提交 2021 年年度报告后，最终都会出现在此名单上。这是 PCAOB 首次直接承认与中国证券监管机构，中国证监会的合作。

鉴于过去一周半成长股/互联网股票的重大变动，获利回吐也可能是一个因素。这种回调应该会吸引更多的在场边观望的买家，特别是如果我们能从副总理的承诺中看到一些切实的结果。阿里巴巴 (BABA US, 9988 HK) 周二宣布，在已经回购 5620 万股股票后，将继续回购计划从 \$15B 增加到 \$25B，总计 \$9.2B。腾讯周三公布了惨淡的第四季度收益。管理层将 2021 年描述为“充满挑战的一年”，但对其业务和互联网行业在新的前瞻性法规实施后的未来可持续增长表示乐观。

– 质数资本 Co-CEO Michael Longthorne

### Prime Number Weekly Recap:

- 中国石化暂停俄罗斯项目，北京警惕制裁 ([Reuters](#))
- 美国政府对瑞士信贷遵守俄罗斯制裁的情况展开调查 ([WSJ](#))
- 上海开始两年来中国最大的 COVID-19 封锁 ([AP](#))
- 波音在中国面临日益严重的问题 ([CNN](#))
- 银行家正在为最终的 IPO 市场解冻做准备，重点关注盈利和稳定的公司 ([WSJ](#))
- 黑石集团支持的收购公司 PAG 申请 20 亿美元 IPO ([Yahoo Finance](#))



## OUR CASES



**\$36M IPO**

NASDAQ: MHUA  
Feb 2022  
Lead Underwriter

**\$30M IPO**

NASDAQ: AIH  
Oct 2019  
Joint Book Runner

**\$85M IPO**

NASDAQ: BLCT  
Jul 2020  
Joint Book Runner

**\$45M IPO**

NASDAQ: LIZI  
Jan 2020  
Joint Book Runner

**\$100M IPO**

NASDAQ: EBON  
Jun 2020  
Joint Book Runner

**\$46M IPO**

NASDAQ: QK  
Nov 2019  
Joint Book Runner

**\$40M IPO**

NASDAQ: EH  
Dec 2019  
Co-Manager

**\$256M IPO**

NASDAQ: GTH  
Jun 2020  
Syndicate Member

**De-SPAC**

NASDAQ: UK  
Nov 2020  
De-SPAC FA

**De-SPAC**

NASDAQ: CLNN  
Dec 2020  
De-SPAC FA

**De-SPAC**

NASDAQ: LGHL  
Jun 2020  
IPO Advisor

**Private Placement**

Ayla Networks  
FA to Investors

**Private Placement**

Magic Leap  
FA to Investors

**Private Placement**

Circle  
FA to Investors

**Private Placement**

Palantir  
FA to Investors

**Private Placement**

Pinterest  
FA to Investors

**Private Placement**

Automation Anywhere  
FA to Investors

Registered with the SEC and FINRA, we are a broker-dealer with full underwriting and research capabilities.

With years of experience in Asia and ADR markets, our insights in cross-border ECM and M&A have been proven to be highly valuable to our institutional clients.

## UPCOMING TRANSACTIONS

**OSTin**

Supplier Of Display Modules And Polarizers

NASDAQ: OST  
Exp. May 2022  
Lead Underwriter

**Jinmed**

Leading Wheelchair Manufacturer

NASDAQ: ZJYL  
Exp. May 2022  
Lead Underwriter

**ICZoom**

Electronics Component Trading Platform

NASDAQ: ICZ  
Exp. May 2022  
Lead Underwriter

**ERAYAK**

Electronics Company in China

NASDAQ: RAYA  
Exp. Jul 2022  
Lead Underwriter

**PEV**

Industry Pioneer Developing Consumer and Commercial EVs

NASDAQ: PEV  
Exp. April 2022  
Lead Underwriter

**Project Star**

Manufacturing Company in China

Exp. Sep 2022  
Lead Underwriter

**Project Smart**

Developer of IoT Connectivity Related Products and solutions

Exp. May 2022  
Lead Underwriter

**Project Wealth**

FinTech Company in China

Exp. Aug 2022  
Lead Underwriter

**\$60M IPO**

NASDAQ: PNAC  
Exp. Mar 2022  
Lead Underwriter

**\$60M IPO**

**Project Ask**

SPAC  
Exp. Apr 2022  
Lead Underwriter

**\$75M IPO**

**Pomelo Acquisition Ltd.**

NASDAQ: PACL  
Exp. Jun 2022  
Lead Underwriter

**\$75M IPO**

**Project Evolving**

SPAC  
Exp. Sep 2022  
Lead Underwriter

We are uniquely positioned to serve Asian corporates and sponsors in their capital raising needs.

## MEET OUR EXPERTS



**Xiaoyan Jiang**  
Founder and CEO

- Vast experience with US and HK listings
- Former Head of US Asia Multinational Banking, and Asia Pacific Head of Real Estate, TMT, and Consumers at BNP Paribas
- Deutsche Bank, GE Capital, Deloitte Consulting, Sinochem Holdings
- Philanthropist



**Michael Longthorne**  
Co-CEO

- Global financial markets executive
- Founding member of Mizuho Securities USA Equity Department
- Extensive equity research experience in Asian-related Securities
- Decker Co., Mizuho, Daiwa Securities Capital Markets, ING Baring, Salomon Brothers



**Yang Pu, CFA, MBA**  
Equity Research

- 6 years of equity research experience
- Mainly covering US/China TMT industry
- Worked at DeMatteo Research, Trillium Asset Management

